



DoD

Financial Management Modernization Program

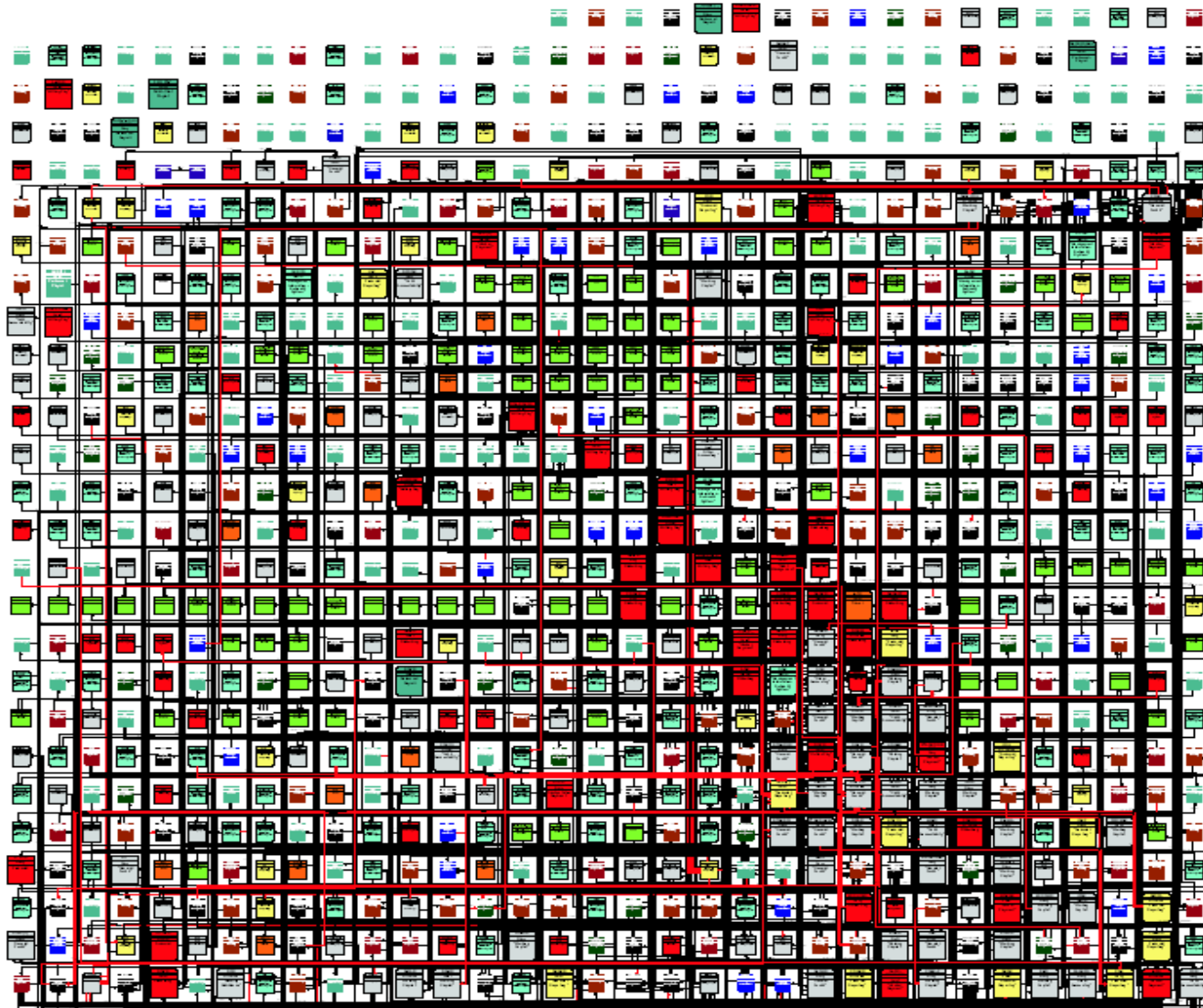
Executive Presentation

**Deputy Chief Financial Officer
Office of Under Secretary of Defense
(Comptroller)**

December 3, 2002



Current DoD Systems Environment



The Problem:

**> 1700 FM
systems**

- **Not integrated**
- **Not standardized**
- **Support inefficient business processes**



DoD's Response

Sustained Top Leadership Direction

- Secretary of Defense

- Vision

- Operate DoD in an efficient business-like manner
 - Develop timely, reliable, and relevant management information for appropriate management level
 - Use clean audit opinions to verify data

- Scope

- Standardize data and processes wherever produced - finance and financially-related “feeder” systems and business processes

- Approach

- Created centralized Financial Management Modernization Program
 - Developing DoD-wide Financial Management Enterprise Architecture
 - First step completed: Enterprise Architecture “Strawman” model



Financial Management Modernization Program

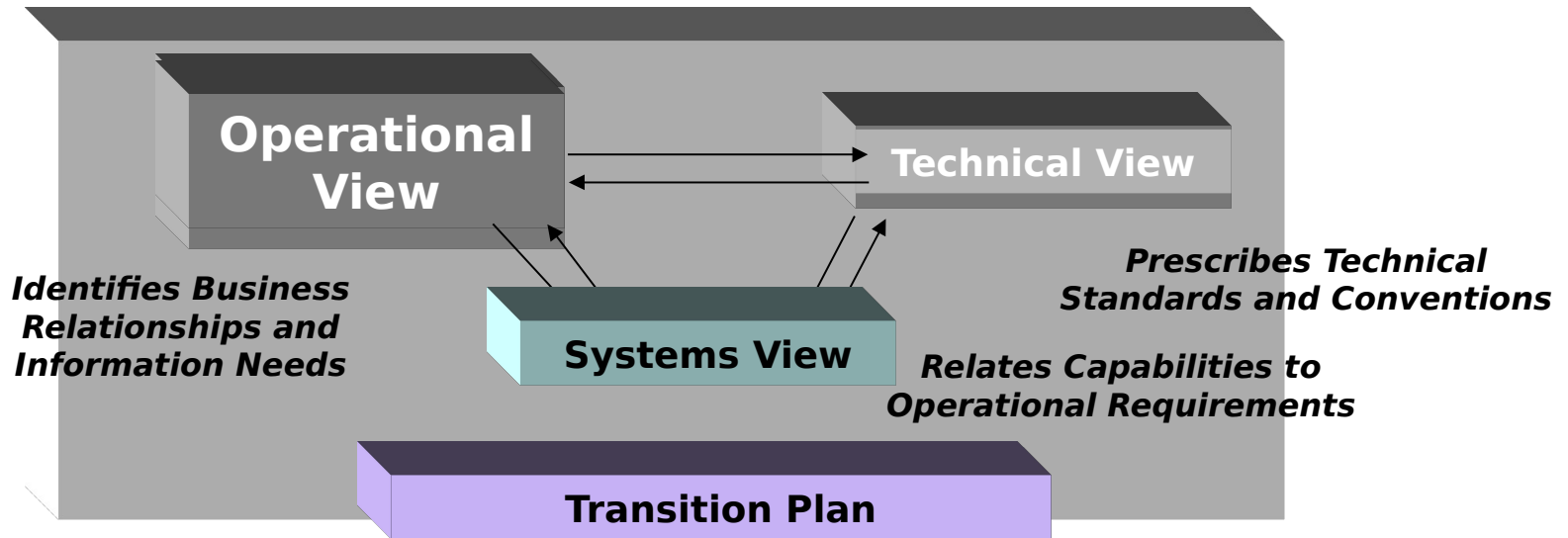
Department-wide Effort

- Executive Committee
 - Comptroller, chair
 - Under Secretaries - AT&L, P&R, Army, Navy, Air Force
 - DoD CIO
- Steering Committee
 - Principal Deputy Comptroller, DoD CIO, co-chairs
 - Assistant Secretary level OSD and Services
- Financial and CIO Working Groups
- Interface with OMB and GAO



Financial Management Enterprise Architecture

An Integrated Model of DoD's business processes and systems



- Standardizes and Integrates business processes and systems
 - Helps Implement “Leading” Business Practices
- Creates end-to-end solutions using modern technology
- Reduces costs and systems



FMEA Strawman

**April
2002**

Phase 1 - Develop FMEA

**April
2002**

Phase 2 - Extend/Accept FMEA

The Strawman is:

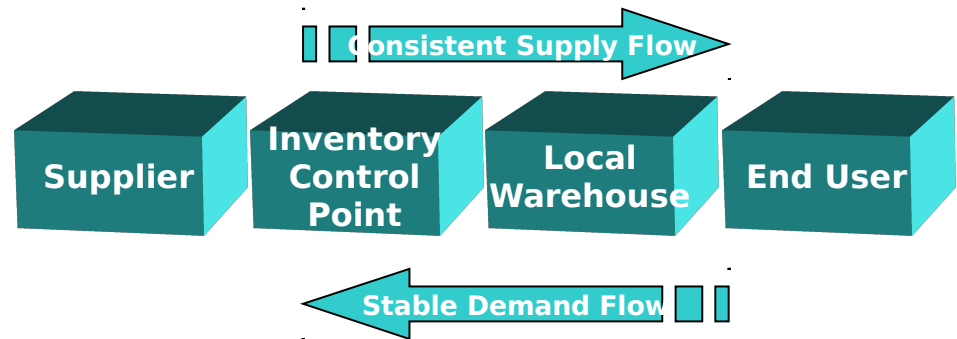
- **Focused on “To Be” DoD enterprise**
- **Unconstrained by Laws/Policy/Regulations**
- **High level processes grounded in leading practices**
- **Visible business process changes**
- **A reflection of “out of the box” thinking**
- **“Hot Button” deficiencies addressed**



Example of Strawman - Vendor Managed Inventory

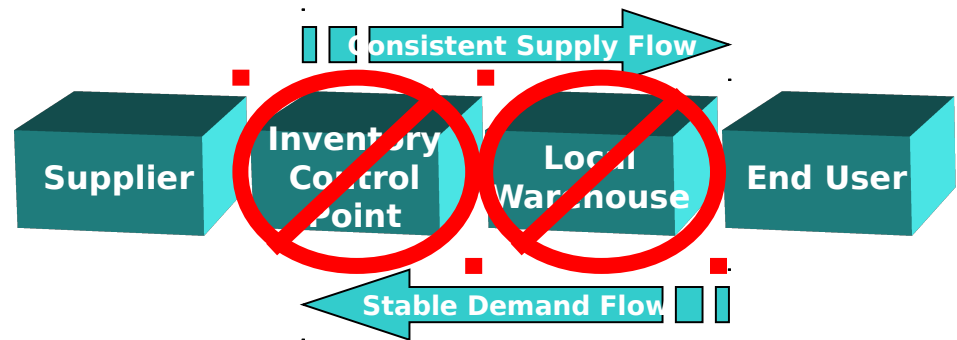
The Current State

- Excess inventory
- Excess infrastructure costs (facility space / utility usage)
- Warehousing, handling, and distribution operations sub-optimized



Performance Improvements

- Pay on consumption
- Improves inventory cycle time
- Distribution/Operations
 - Reduces inventory and infrastructure costs
 - Reduces return transactions
 - Improves vehicle and route utilization (long term)
- Increases customer satisfaction service levels



- Dell Computers and IBM Corp use VMI to lead the industry in p
- Retail industry considers VMI a near Standard Operating Proce



FMEA Phase 2

April
2003

April
2003

Phase 1 - Develop FMEA

Phase 2 - Extend/Accept FMEA

The Strawman is:

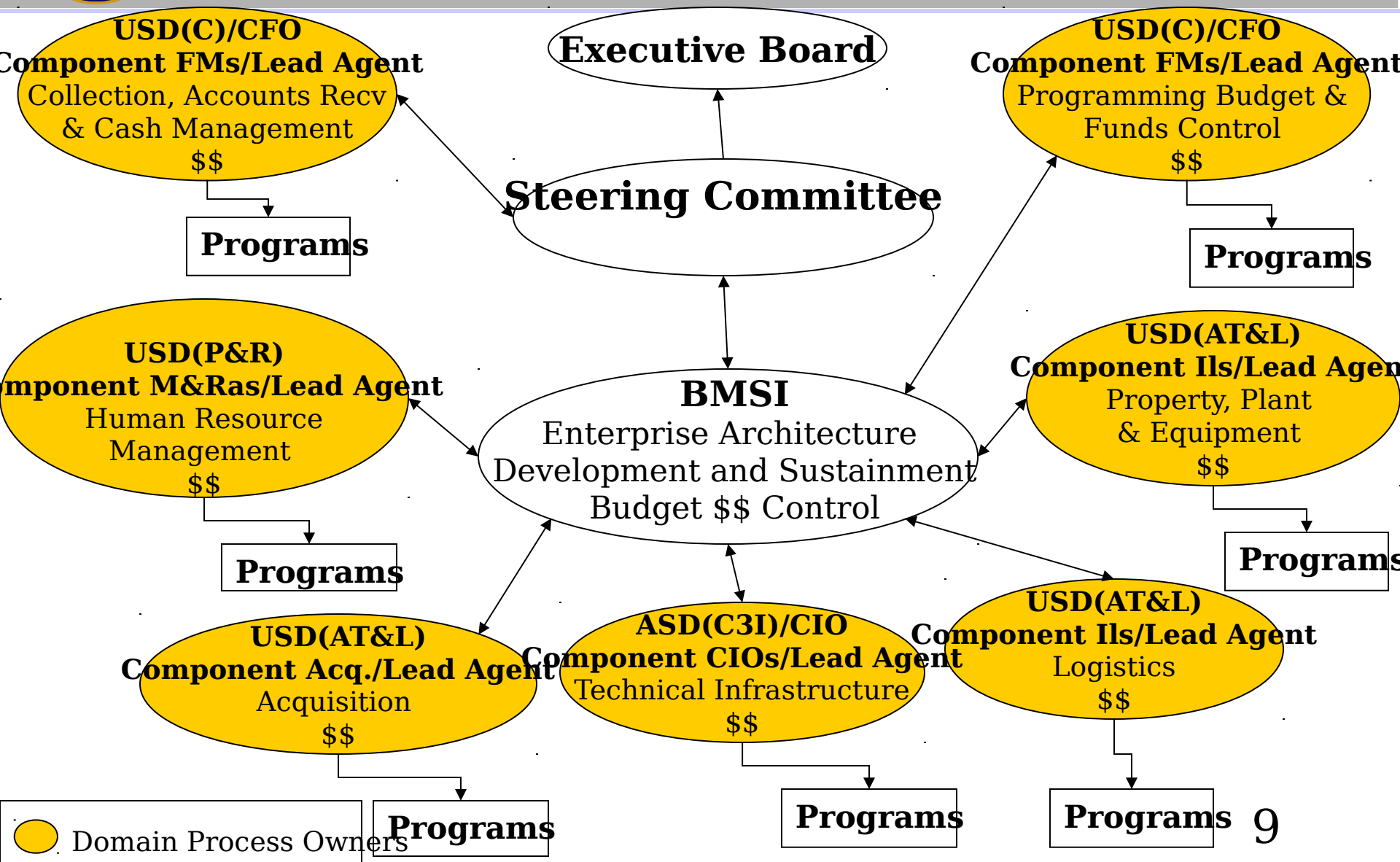
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- Unconstrained by Laws/Policy/Regulations
- High level processes grounded in leading practices
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- "Hot Button" deficiencies addressed

Extend Architecture

- Obtain stakeholder active participation and commitment
- Continue business process transformations
- Address compliance constraints
- Complete the "To Be" DoD enterprise
- Complete the Transition Plan
- Implement communications and change strategy

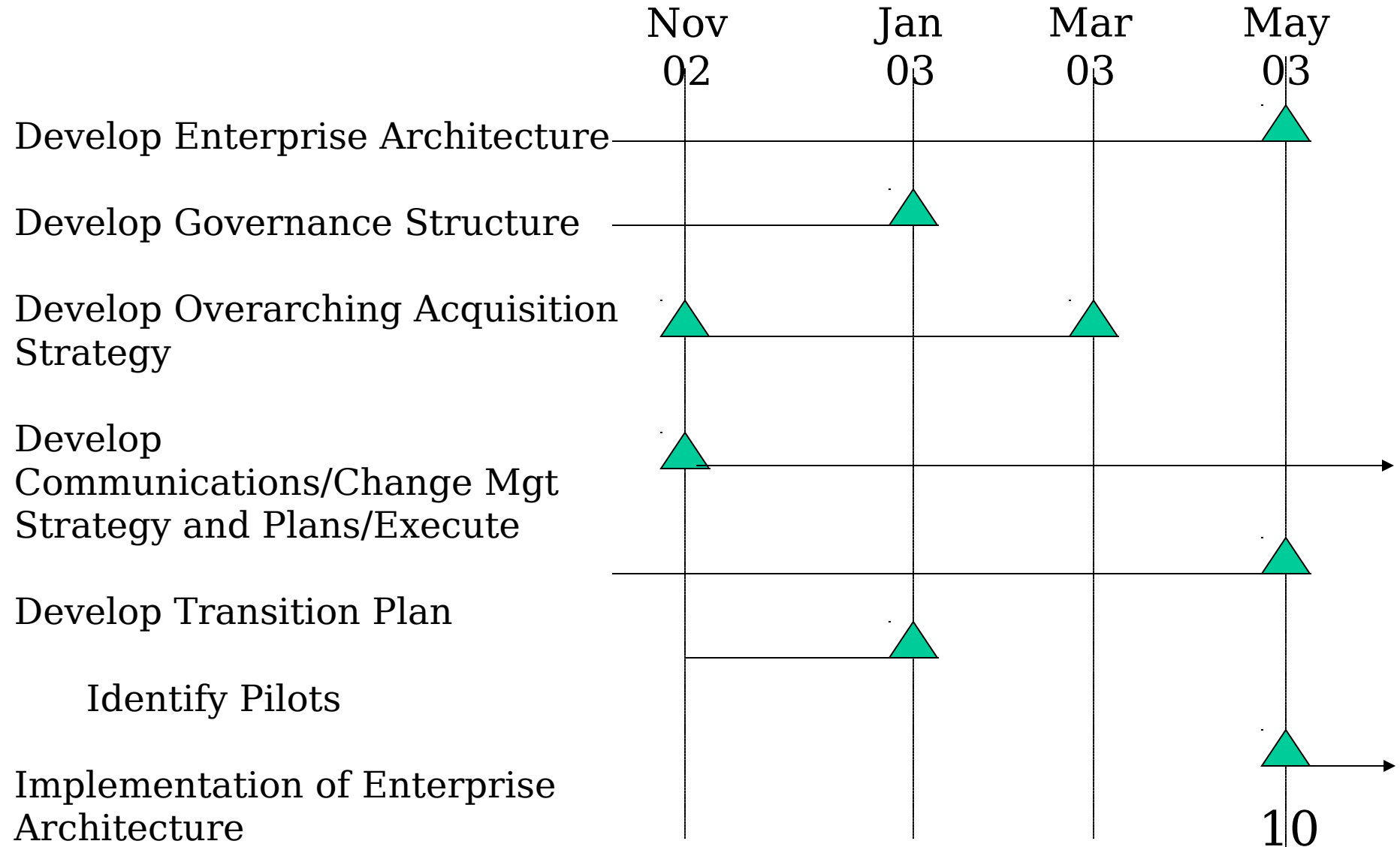


Draft Governance Concept





FMMP Timeline





- Department-wide Effort with Top Leadership Support
- This is OUR Architecture Being Developed as a Partnership
- It will be Successful with Everyone's Active Participation and Commitment